

CALIFORNIA LEGISLATURE

STATE CAPITOL
SACRAMENTO, CALIFORNIA
95814

January 23, 2002

Mr. Geoffrey Brown, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

RE: Opposition to DWR Cost Allocation Proceeding

Dear Commissioner Brown:

The undersigned members of the Legislature, representing the citizens of San Diego and southern Orange County, oppose the proposed decision (Decision #A.00-11-038) relating to the allocation of the Department of Water Resources costs for the procurement of electricity. The Proposed Decision would unfairly shift costs of \$242 million from Northern California to consumers in San Diego and southern Orange County. We respectfully urge you to reject the Proposed Decision and adopt a decision that would appropriately require all consumers to pay the costs incurred to serve them.

During the midst of the state energy crisis, it unfortunately became necessary for the DWR to assume responsibility for the procurement of electricity in order to keep the lights on for the customers of the investor-owned utilities. It is our understanding, pursuant to the provisions of AB 1x, that customers would be required to pay for the power delivered to them. The proposed CPUC decision would require the customers of San Diego Gas & Electric to pay a "postage stamp" allocation of costs (where all investor-owned utility customers pay the same price for power) rather than the costs that were actually incurred to serve them. This is blatantly unfair to our constituents.

As legislators representing the customers who bore the greatest burden of California's deregulation experiment, we strongly oppose efforts to require our constituents to pay costs associated with providing electric service to Northern California. During the summer of 2000 when our constituents were the only electric customers in the state being exposed to out-of-control wholesale electric prices, consumers in other parts of the state neither subsidized nor offered to subsidize any part of our record high bills. The "postage stamp" allocation of costs adds insult to injury by requiring our constituents to subsidize the costs of electricity that have been incurred to serve consumers in Northern California.

This allocation would result in an increase to system average rates of 2.24 cents per KWh from the level approved by the commission effective September 30, 2001, making them among the highest electricity rates in the country.

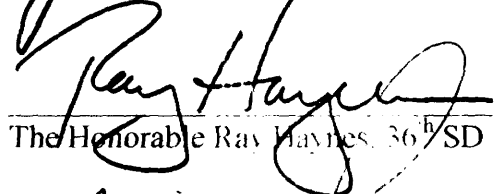
We support cost-based rates, similar to those approved by the commission on October 1, 2001, for the customers of San Diego Gas & Electric Company. Asking our constituents to subsidize electric bills for other parts of the state just to spread the costs among consumers is simply wrong.

A cost based methodology is just and reasonable and consistent with the traditional CPUC approach of allocating costs and charging them to the utility customers on whose behalf the costs are incurred. We urge you to reject the Proposed Decision and to adopt a decision that is cost based and more appropriately represents the costs that have been incurred by our constituents.

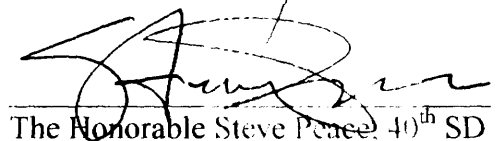
Respectfully submitted,


The Honorable Dede Alpert, 39th SD


The Honorable Jim Battin, 37th SD

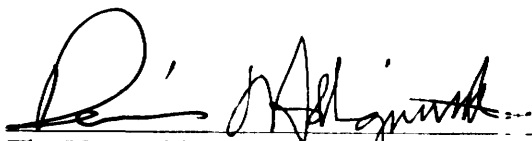

The Honorable Ray Haynes, 36th SD


The Honorable Bill Morrow, 38th SD


The Honorable Steve Peace, 40th SD


The Honorable Patricia Bates, 73rd AD

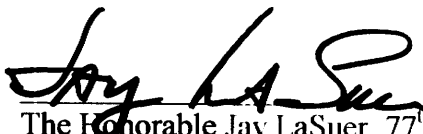

The Honorable Christine Kehoe, 76th AD



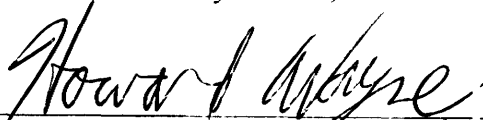
The Honorable Dennis Hollingsworth, 66th AD



The Honorable Bill Campbell, 71st AD



The Honorable Jay LaSuer, 77th AD



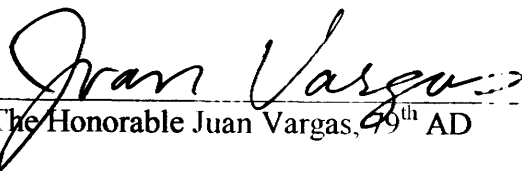
The Honorable Howard Wayne, 78th AD



The Honorable Mark Wyland, 74th AD



The Honorable Charlene Zettel, 75th AD



The Honorable Juan Vargas, 79th AD

cc: Loretta M. Lynch, President
Commissioner Richard A. Bilas
Commissioner Henry M. Duque
Commissioner Carl Wood